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# CANADA CRUSHED & CUT STONE LIMITED

ANNUAL REPORT

1967





## DIRECTORS

J. C. BURD	-	-	-	-	-	-	-	-	-	Niagara Falls, Ontario
J. R. DOOLITTLE	-	-	-	-	-	-	-	-	-	Ancaster, Ontario
G. W. HEALEY	-	-	-	-	-	-	-	-	-	Toronto, Ontario
D. H. HENDERSON	-	-	-	-	-	-	-	-	-	Hamilton, Ontario
N. M. PEECH	-	-	-	-	-	-	-	-	-	Worksop, Notts, England
N. P. PITT	-	-	-	-	-	-	-	-	-	Montreal, Quebec
J. B. ROTHWELL	-	-	-	-	-	-	-	-	-	Burlington, Ontario
G. G. RYAN, O.B.E.	-	-	-	-	-	-	-	-	-	Montreal, Quebec
E. H. SANCTON, B.Eng.	-	-	-	-	-	-	-	-	-	Burlington, Ontario
W. STOCKS, M.B.E.	-	-	-	-	-	-	-	-	-	Worksop, Notts, England

## OFFICERS

N. M. PEECH	-	-	-	-	-	-	-	-	-	Chairman of the Board
D. H. HENDERSON	-	-	-	-	-	-	-	-	-	President
D. E. STEELE	-	-	-	-	-	-	-	-	-	Secretary-Treasurer
W. A. BRUNNER	-	-	-	-	-	-	-	-	-	Assistant Secretary-Treasurer

## REGISTRAR and TRANSFER AGENT

National Trust Company Limited	-	-	-	-	-	-	-	-	-	Toronto, Ontario
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## AUDITORS

McDonald, Currie & Co.

# CANADA CRUSHED & CUT STONE LIMITED AND SUBSIDIARIES

## REPORT TO THE SHAREHOLDERS

Your Directors take pleasure in presenting the Seventeenth Annual Report of the Company together with the Consolidated Financial Statements for the year ended December 31st, 1967.

### Group Activities

The year under review was a difficult one for your Company, due to several factors which adversely affected those companies in, and connected with, the construction industry. The large Toronto market suffered from prolonged strikes in the building trades, while construction in the Montreal area was virtually brought to a standstill by Expo '67.

Consolidated sales of \$6,297,675 were down 17% from the previous year, and consolidated net profit after income taxes amounted to \$542,073 compared with \$745,272 in 1966.

Sales of stone and asphalt at Dundas were lower by 12% which, together with greatly increased depreciation charges on new equipment, reduced the earnings of this important division. In our 1966 report we informed you that a new 8 cubic yard electric shovel would be purchased in 1967. This machine went into operation in June and as expected has proven to be most efficient.

Earnings of Queenston Quarries Limited were well maintained with both sales and profits comparable with the previous year.

The Ritchie Cut Stone Company Limited, although affected by strikes in the Toronto construction trades, was able to continue fabricating stone for the Ontario Government's Queen's Park project and, in addition, secured a contract for the stone required in the second phase of Queen's Park.

Mills Steel Products Limited suffered severely from both strikes in the Toronto building trades and the reduction in construction activity at Montreal. As both these markets are major ones for Mills, sales were considerably reduced. In addition, the Hamilton manufacturing plant was shut down by a five weeks strike of its factory employees. Although general construction activity across Canada is not expected to show any improvement at least in the first half of 1968, Mills is hopeful of better earnings providing no further major strikes occur in the construction industry.



National Slag Limited, in which your Company holds a one-third interest, paid a dividend on the common stock after a satisfactory year.

The policy of investigating possible acquisitions with a view to expansion of the business continues to be pursued.

#### Consolidated Statement of Profit and Loss

The consolidated earnings before income taxes were \$983,489 compared with \$1,444,731 in 1966. Net profit after taxes was \$542,073 compared with \$745,272 last year.

#### Balance Sheet and Consolidated Statement of Surplus

Capital expenditures were substantial and totalled \$674,594 compared with \$577,988 in 1966. The main item accounting for the increase was the addition of the new electric shovel at Dundas.

Depreciation and depletion charges were \$540,502 compared with \$477,202 last year.

#### Dividends

Quarterly dividends of 30 cents per share were paid during the year for a total of \$1.20 per share.

A dividend of 30 cents per share has been declared for the first quarter of 1968, payable March 15th, 1968, to shareholders on record February 16th, 1968.

#### Prospects

The increased cost of money and indications of a slackening in economic activity in Canada do not suggest improved conditions in the construction industry. However, your Company is hopeful of maintaining earnings at least comparable with those of 1967.

#### Appreciation

Your Directors wish to express their sincere thanks to all personnel for their loyal service throughout the year.

On behalf of the Board of Directors.

Hamilton, Ontario,  
February 19th, 1968.

D. H. HENDERSON,  
President.

# CANADA CRUSHED & AND SUB

(Incorporated under

## CONSOLIDATED BALANCE SHEET

(With comparative figures)

### A S S E T S

	December 31	
	<u>1967</u>	<u>1966</u>
<b>CURRENT ASSETS</b>		
Cash .....	\$ 288,410	\$ 243,097
Short-term deposits and investments—at cost .....	1,828,556	2,187,836
(quoted market value 1967—\$1,855,316; 1966—\$2,202,494)		
Accounts receivable .....	1,644,476	1,768,786
Accounts receivable—affiliated companies .....	15,708	13,923
Inventories of crushed stone, cut and uncut building stone, building material—at the lower of cost or net realizable value .....	1,306,216	1,111,804
Prepaid expenses .....	54,677	39,273
	<u>\$ 5,138,043</u>	<u>\$ 5,364,719</u>
<b>DEFERRED CHARGES AND OTHER ASSETS</b>		
5% Special refundable tax .....	\$ 51,059	\$ 38,070
Investment in National Slag Limited shares—at cost .....	12,500	12,500
Scaffold equipment—at cost, less amounts written off .....	217,401	261,879
	<u>\$ 280,960</u>	<u>\$ 312,449</u>
<b>FIXED ASSETS</b>		
Land—at cost .....	\$ 175,017	\$ 175,017
Buildings, plant and equipment, less accumulated depreciation .....	1,901,032	1,857,533
Stone quarries, less accumulated depletion .....	608,729	625,632
	<u>\$ 2,684,778</u>	<u>\$ 2,658,182</u>
	<u>\$ 8,103,781</u>	<u>\$ 8,335,350</u>

### AUDITORS' REPORT TO SHAREHOLDERS

We have examined the consolidated balance sheet of Canada Crushed Stone and the consolidated statements of earnings, surplus and source and use of funds for the year ended December 31, 1967, in connection with our audit of the consolidated financial statements for the year ended December 31, 1967, and we have also conducted a review of the accounting procedures and such tests of accounting records as we considered appropriate in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of Canada Crushed Stone at December 31, 1967, and the results of their operations and the source and use of their funds for the year ended December 31, 1967, in accordance with the accounting principles applied on a basis consistent with that of the company.

HAMILTON, January 23, 1968.



# CUT STONE LIMITED

## SUBSIDIARIES

(In accordance with the laws of Ontario)

AS AT DECEMBER 31, 1967

(as at December 31, 1966)

### LIABILITIES

	December 31	
	1967	1966
CURRENT LIABILITIES		
Accounts payable and accrued liabilities .....	\$ 595,122	\$ 847,726
Income and other taxes payable .....	71,225	245,552
	<u>\$ 666,347</u>	<u>\$ 1,093,278</u>
DEFERRED INCOME TAXES (Note 3) .....	89,600	81,500
	<u>\$ 755,947</u>	<u>\$ 1,174,778</u>

### SHAREHOLDERS' EQUITY

#### CAPITAL STOCK

##### Authorized

5,000 6% cumulative redeemable (at \$105) sinking fund  
shares of a par value of \$100 each.

200,000 Common shares without nominal or par value.

##### Issued

190,000 Common shares ..... \$ 95,000 \$ 95,000

#### EXCESS OF APPRAISED VALUE OF FIXED ASSETS

OVER DEPRECIATED COST (Note 1) ..... 2,205,265 2,205,265

REALIZED APPRAISAL SURPLUS ..... 1,016,081 1,016,081

RETAINED EARNINGS ..... 4,031,488 3,844,226

\$ 7,347,834 \$ 7,160,572

\$ 8,103,781 \$ 8,335,350

APPROVED ON BEHALF OF THE BOARD,

D. H. HENDERSON, *Director*

GERALD G. RYAN, *Director*

#### THE SHAREHOLDERS

McDonald & Cut Stone Limited and subsidiaries as at December 31, 1967, and  
accounts for the year then ended. Our examination included a general  
review and other supporting evidence as we considered necessary in the

assessing the financial position of the companies as at December 31, 1967,  
accounts for the year then ended, in accordance with generally accepted  
accounting principles.

MCDONALD, CURRIE & CO.  
CHARTERED ACCOUNTANTS.

# CONSOLIDATED STATEMENT OF SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 1967

(With comparative figures as at December 31, 1966)

	December 31	
	1967	1966
<hr/>		
EXCESS OF APPRAISED VALUE OF FIXED ASSETS OVER DEPRECIATED COST		
Balance—Beginning of year .....	\$ 2,205,265	\$ 2,390,418
Reduction on sale and retirement of buildings and plant during the year .....	—	185,153
Balance—End of year .....	<u>\$ 2,205,265</u>	<u>\$ 2,205,265</u>
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REALIZED APPRAISAL SURPLUS		
Balance—Beginning of year .....	\$ 1,016,081	\$ 760,378
Gain on the sale of land, buildings and equipment .....	—	\$ 267,803
Less: Income taxes applicable thereto .....	—	12,100
	—	\$ 255,703
Balance—End of year .....	<u>\$ 1,016,081</u>	<u>\$ 1,016,081</u>
<hr/>		
RETAINED EARNINGS		
Balance—Beginning of year .....	\$ 3,844,226	\$ 3,437,572
Net profit for the year .....	542,073	745,272
Adjustment of prior year's taxes on income .....	—	16,193
	<u>\$ 4,386,299</u>	<u>\$ 4,199,037</u>
Transfer to accumulated depreciation being amortization of revaluation of fixed assets for the year .....	\$ 126,811	\$ 126,811
Dividends—Common .....	228,000	228,000
	<u>\$ 354,811</u>	<u>\$ 354,811</u>
Balance—End of year .....	<u>\$ 4,031,488</u>	<u>\$ 3,844,226</u>



# CONSOLIDATED STATEMENT OF EARNINGS

FOR THE YEAR ENDED DECEMBER 31, 1967

(With comparative figures as at December 31, 1966)

	December 31	
	1967	1966
Sales .....	\$ 6,297,675	\$ 7,579,161
Profit from operations before the following charges .....	\$ 1,326,928	\$ 1,766,470
Depreciation (Notes 1 and 2) .....	\$ 523,599	\$ 457,079
Depletion .....	16,903	20,123
Directors' fees .....	8,430	8,560
	\$ 548,932	\$ 485,762
Profit from operations .....	\$ 777,996	\$ 1,280,708

## FINANCIAL

Investment income .....	\$ 174,072	\$ 141,965
Gain on sale of fixed assets .....	7,700	—
Gain on sale of investments .....	23,721	22,058
	\$ 205,493	\$ 164,023
Profit before taxes on income .....	\$ 983,489	\$ 1,444,731
Taxes on income (Note 3) .....	441,416	699,459
Net profit for the year .....	\$ 542,073	\$ 745,272
The following expense is included in the foregoing:		
Remuneration of executive officers .....	\$ 123,380	\$ 122,880

# CONSOLIDATED STATEMENT OF SOURCE AND USE OF FUNDS

FOR THE YEAR ENDED DECEMBER 31, 1967

(With comparative figures as at December 31, 1966)

	December 31	
	1967	1966
	<hr/>	<hr/>
SOURCE OF FUNDS		
Net profit for the year .....	\$ 542,073	\$ 745,272
Charges not requiring cash outlay—		
Depreciation and depletion .....	540,502	477,202
Deferred income taxes .....	8,100	15,000
	<hr/>	<hr/>
	\$ 1,090,675	\$ 1,237,474
Adjustment of prior year's taxes on income .....	—	\$ 16,193
Proceeds of disposal of fixed assets .....	\$ 44,403	325,903
	<hr/>	<hr/>
	\$ 1,135,078	\$ 1,579,570
	<hr/>	<hr/>
USE OF FUNDS		
Payment of 5% special refundable tax .....	\$ 12,988	\$ 38,070
Payment of dividends .....	228,000	228,000
Purchase of fixed assets .....	674,594	577,988
Net additions to scaffold equipment .....	19,241	75,311
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	\$ 934,823	\$ 919,369
	<hr/>	<hr/>
INCREASE IN WORKING CAPITAL .....	\$ 200,255	\$ 660,201
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WORKING CAPITAL—BEGINNING OF YEAR .....	\$ 4,271,441	\$ 3,611,240
Increase in working capital .....	200,255	660,201
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WORKING CAPITAL—END OF YEAR .....	\$ 4,471,696	\$ 4,271,441
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# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1967

(With comparative figures as at December 31, 1966)

## 1. FIXED ASSETS

Buildings, plant and equipment and stone quarries and related accumulated depreciation or accumulated depletion are classified as follows:

		1967			1966
	Cost	Accumulated Depletion	Accumulated Depreciation	Net	Net
Buildings .....	\$ 1,707,610		\$ 1,104,313	\$ 603,297	\$ 692,012
Plant and equipment .....	6,590,085		5,292,350	1,297,735	1,165,521
	<u>\$ 8,297,695</u>		<u>\$ 6,396,663</u>	<u>\$ 1,901,032</u>	<u>\$ 1,857,533</u>
Stone quarries .....	1,298,857	\$ 690,128	—	608,729	625,632
	<u>\$ 9,596,552</u>	<u>\$ 690,128</u>	<u>\$ 6,396,663</u>	<u>\$ 2,509,761</u>	<u>\$ 2,483,165</u>

The buildings, plant and equipment of Canada Crushed & Cut Stone Limited and its subsidiary, Queenston Quarries Limited are stated at sound values as at April 30, 1951, as appraised by Chas. Warnock & Co., Limited, with subsequent additions at cost. The buildings, plant and equipment of The Ritchie Cut Stone Company, Limited, are stated at their replacement cost after deducting depreciation at April 30, 1951, as reported by Canadian Appraisal Company Limited with subsequent additions at cost. The fixed assets of other subsidiaries are valued at cost. As a result of these appraisals fixed assets were written up by \$4,407,369. Fixed assets sold and retired to date have reduced the write-up by \$2,125,059 to \$2,282,310.

The accumulated amortization on the appraisal write-up is \$1,781,158 leaving a net book value on the write-up of \$501,152.

- Depreciation has been provided at the maximum amount allowable for income tax purposes on cost of fixed assets, except for scaffold equipment owned by Mills Steel Products Limited. The depreciation on scaffold equipment has been provided on a basis consistent with prior years. Depreciation does not include amortization of \$126,811 for the year ended December 31, 1967, of the excess over cost of buildings, plant and equipment resulting from the revaluation based on independent appraisal as at April 30, 1951. Such amortization (which is not deductible for income tax purposes) has not been provided for in the consolidated statement of earnings but has been charged to retained earnings.
- Income taxes payable in respect of the year have been reduced by claiming depreciation for tax purposes in excess of that recorded in the accounts. This reduction, amounting to \$8,100 for the year, is applicable to those future periods in which the amounts claimed for tax purposes will be less than the depreciation recorded in the accounts and accordingly is included (together with similar amounts arising in earlier years in the balance sheet) as Deferred income taxes.
- The amount of unfunded past service cost for the pension plans at December 31, 1967, approximates \$117,600 and is to be funded by equal instalments at the rate of \$24,600 per annum. The pensions costs are charged to operations as they are paid.



# **CANADA CRUSHED & CUT STONE LIMITED AND SUBSIDIARIES**

## **HEAD OFFICE:**

**HARBOUR ADMINISTRATION BUILDING**

**Hamilton, Ontario**

## **QUARRIES:**

**DUNDAS, ONTARIO**

**QUEENSTON, ONTARIO**

## **BUILDING MATERIALS WAREHOUSE and DOCKS:**

**Hamilton, Ontario**

## **SUBSIDIARY COMPANIES:**

**DRUMMOND & REEVES, LIMITED**

**Toronto, Ontario**

**MILLS STEEL PRODUCTS LIMITED**

**Hamilton, Ontario**

**NATIONAL CUT STONE LIMITED**

**Hamilton, Ontario**

**QUEENSTON QUARRIES LIMITED**

**Niagara Falls, Ontario**

**THE RITCHIE CUT STONE COMPANY, LIMITED**

**New Toronto, Ontario**



# AR52

CANADA CRUSHED & CUT STONE LIMITED

## NOTICE OF ANNUAL

## GENERAL SHAREHOLDERS' MEETING

NOTICE IS HEREBY GIVEN that the Annual Meeting of the Shareholders of CANADA CRUSHED & CUT STONE LIMITED, will be held at the Head Office of the Company, Harbour Administration Building, 605 James St. N., Hamilton, Ontario, on Thursday, March 9th, 1967, at the hour of 10.00 a.m., for the purpose of receiving the report of the Directors and the appointment of Auditors, and for the transaction of such other business as may be brought before the Shareholders.

If it is not your intention to be present, please forward us, by return mail, your Proxy on the form enclosed herewith.

Dated at Hamilton, the 17th day of February, A.D. 1967.

By Order of the Board,

CANADA CRUSHED & CUT STONE LIMITED

D. E. Steele,  
Secretary.

WHEN RETURNING PROXY, PLEASE DETACH HERE - SIGN AND FOLD - SEAL AND MAIL.

